



OCTOBER 2006 - REPORT ON COCOA AND FORCED CHILD LABOR

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I. The Cocoa Industry Protocol: A Brief History

Over 40% of the world's cocoa, the primary ingredient in chocolate, comes from the West African nation of Côte d'Ivoire (Ivory Coast)ⁱ. Beginning in the late 1990s, reports began to surface that detailed the pervasive use of abusive child labor in the West African cocoa sector. In 2000 and 2001, media reports in the UK and US describing child trafficking and enslavement on Ivorian cocoa farms led to a public outcry and call for change. Chocolate industry companies, faced with a credible threat of legislative action, sought to minimize the damage and assure chocolate consumers and lawmakers that the industry could tackle this problem without government regulation.

Industry representatives met with concerned NGOs, labor unions, government officials, and politicians, notably US Senator Tom Harkin (D-IA) and Representative Eliot Engel (D-NY). These consultations ultimately led to a voluntary, industry-wide Cocoa Protocol in September 2001 that set out time-bound steps to eliminate the worst forms of child labor and forced labor from West African cocoa farms by July 2005, and freed cocoa companies from the threat of legislation. Despite cocoa companies' repeated assurance that they would meet the target date, industry largely failed to meet its commitments and the deadline passed with the child labor situation virtually unchanged. Although lawmakers voiced their displeasureⁱⁱ, cocoa companies faced no sanctions; instead, the industry negotiated an extended deadline giving it until July 2008 to implement a solution covering half of the cocoa-producing areas of Côte d'Ivoire and Ghana.

From the outset, the Protocol has suffered from some serious design flaws. While industry has specifically addressed the worst forms of child labor under ILO Convention No. 182 and forced labor under ILO Convention 29, it has not addressed other core labor rights in the agreement or in its activities, such as minimum age of employment under ILO Convention No. 138. Further, the industry-led initiative fails to call for concrete steps to ensure that farmers are getting a fair price for their product, which significantly impacts the use of child labor, as farmers are forced to reduce production costs and rely on the cheap labor of children.ⁱⁱⁱ

II. Industry's Primary Obligations under the Protocol

The Protocol sets forth an action plan with specific commitments for stakeholders. In particular, the cocoa industry agreed to undertake several steps aimed at eliminating child labor from its supply chain.

A. Establishment of a Joint International Foundation

The cocoa industry agreed to establish and fund a foundation “to oversee and sustain efforts to eliminate the worst forms of child labor in the growing and processing of cocoa beans...The foundation’s purposes will include field projects and a clearinghouse on best practices to eliminate the worst forms of child labor.”^{iv}

In 2002, the International Cocoa Initiative (ICI) was established to fulfill this duty under the Protocol. The foundation began its work on the ground in 2003 and has achieved some success. In an October 2006 address to the Child Labor Coalition in Washington DC, ICI Executive Director Peter McAllister described the progress made since the foundation’s inception. ICI currently runs a pilot program in 24 communities in Ghana, as well as in six communities in Côte d’Ivoire. In all cases, these pilot programs have enjoyed far more success in Ghana than in Côte d’Ivoire. ICI cites the Ivorian civil war (2002-2004) as a major hindrance to program development in that country.^v

ICI’s program work has chiefly consisted of building trust between foundation field staff and the pilot communities, and sensitizing the communities to the concept of exploitative child labor through training programs. Communities then voluntarily identify child labor as an undesirable practice, and take the lead in identifying incidents of child labor abuses. ICI subsequently supports community members’ initial steps against exploitative child labor through facilitating dialogue with local and regional leaders, sensitizing local media outlets to child labor issues, and motivating community members to organize and advocate for constructive solutions. In this way, ICI attempts to take a “bottom-up” approach to tackling child labor by educating, motivating and supporting communities that take the lead in solving a problem they see as their own.

The foundation’s efforts have resulted in some success achieved within its mandate. Motivated pilot communities in Ghana have been advocating for educational improvements and have secured the services of 51 new teachers, classroom construction and expansion projects, and significant increases in student enrollment. All 24 pilot communities in Ghana are implementing action plans that include banning children from areas where pesticides are being applied, improving and refurbishing classrooms and school facilities, and returning children to schools during the week. On a national level, ICI consulted on Ghana’s National Cocoa Child Labor Elimination Plan.^{vi}

ICI likewise sees local communities as the best monitors and reporters of child trafficking in the cocoa sector. Although rescue and repatriation of trafficked children falls outside the scope of the foundation’s mandate, ICI advises its local partner organizations upon receiving a report of child trafficking in cocoa or any other sector. The foundation has also finished the first of three educational brochures on the topic. These materials will target villagers, law enforcement and judiciary officials, and other important constituencies.

In Côte d’Ivoire, ICI has partnered with MESAD (Movement for Education, Health and Development), a local NGO that provides accommodation and needed services to victims of the worst forms of child labor and forced labor. The foundation is also expanding its relationship with CFRAR (Centre for Training and Research in Rural Development), an organization that educates local communities about exploitative child labor and works to expand access to education. ICI is helping to provide one new CFRAR-organized school with school materials, and is helping fund the construction of accommodations for the teaching staff. In an effort to build capacity for detecting child labor and trafficking abuses, ICI trained 35 Ivorian Ministry of Labour inspectors.^{vii}

ICI has had to make the most of limited resources in pursuing its mission. As stipulated in the Protocol, Industry donors must “provide initial and on-going, primary financial support for the foundation.”^{viii} The organization’s total budget for 2004, its first full operating year, amounted to 1,523,055 Swiss francs (about 1,228,350 US dollars).^{ix} The ICI is currently submitted a new three year funding proposal. No funding decisions have been made yet.

B. Development and Implementation of Standards of Public Certification

1. Background

The cocoa industry agreed that “in partnership with other major stakeholders [it] will develop and implement credible, mutually-acceptable, voluntary, industry-wide standards of public certification . . . that cocoa beans and their derivative products have been grown and/or processed without any of the worst forms of child labor.”^x The chocolate industry agreed to present lawmakers with a plan to implement a monitoring and certification system by July 1, 2005. Unfortunately, by July 2005, the Chocolate Manufacturers Association revised its position and stated that it couldn’t fulfill the promises it made in 2001, blaming political instability in West Africa for the failure to implement a credible monitoring program.^{xi} Failing to meet its promised deadline, industry has delayed the implementation of its monitoring and certification system and a target date for full implementation has not been set. Currently, the industry has promised that it will monitor and certify only fifty percent of Ghana’s and Cote d’Ivoire’s cocoa-producing areas by July 2008.^{xii}

2. Industry Proposed Monitoring and Certification Plan

According to the industry, the child labor monitoring plan will be carried out using methodology similar to that of a census. Local NGOs and community groups will collect data from a statistically significant sample of West African cocoa farms, collecting data related to labor practices and related factors that bear on the lives of cocoa farmers and their communities, as well as noting any progress made in these areas. The resulting information will be compiled and presented in the form of a certification report.

The Verification Working Group (VWG), an independent oversight group set up to examine the monitoring and certification process, issued this overview of the proposed certification system:

“According to the cocoa/chocolate industry, individual producer country governments will issue a “certificate”. The certificate will be a statement of fact regarding West African cocoa farming practices; providing a view of labor conditions on the ground, progress towards improvement and an explanation of required remedial actions. The cocoa certification system will not result in a product label. It will not guarantee that any particular cocoa bean or bar of chocolate has been produced in a certain way. As such, the “certificate” will reflect the certification of practices and processes at the farm and community level with a view towards defining clearly where improvements need to occur and progress towards those improvements. Information is not yet available about the

specific contents of the certificate, how often it will be issued, to whom it will be issued, and what form it will take.”^{xiii}

Industry says it is dedicating more than \$5 million annually to support the full implementation of the certification system for cocoa farming labor practices and for programs to improve the well-being of the more than 1.5 million farm families growing cocoa in West Africa.^{xiv} However, it states that governments must also play a primary role in funding. As VWG states, “Cote D’Ivoire has indicated that they plan to fund monitoring and certification work by allocating around US \$4 million from the existing [cocoa] levy structure to these activities, which will be managed by one of the state organisations already operating.”^{xv} In June 2006, Industry and the Cote d’Ivoire government announced the launching of a pilot monitoring program in Oumé province, which is not known to have a significant problem with child trafficking. The cost of the program is roughly \$17million and would last for 15 months. There has been no commitment by industry to fund the pilot program or any other future monitoring program.^{xvi}

As described more fully below, the International Labour Organization (ILO) has begun working with the government of Ghana to establish a design for a national monitoring system under the ILO’s West Africa Commercial Agriculture Program to Combat Hazardous and Exploitive Child Labour program (WACAP). Though under the Protocol the ILO is not responsible for the development and implementation of a monitoring system, Industry has indicated that “[t]he system established in Cote d’Ivoire will be based upon the ILO IPEC monitoring program developed in Ghana.”^{xvii} To this end, Industry has contributed some small amounts of funding for the WACAP program. This funding, though, expired in early 2006.^{xviii}

3. Verification Plan

The Verification Working Group (VWG) was established by industry to set up an oversight mechanism to ensure that the goals of the Protocol are being carried out. According to VWG, “[t]he verification system is an independent, third party effort to check the integrity of the certification and monitoring system. This will include a review of the scope of the certification and monitoring, and will include both quantitative and qualitative assessments. The verification system will observe the certification system on an on-going basis and monitor compliance with national law, international law, and the Protocol/Joint Statement.”^{xix}

VWG’s Verification System Overview Paper, published in February/March 2005, outlines the three major objectives of the program:

1. To determine whether information presented in the certification report is based on sound and appropriately collected data, consistent with the reality of the child labor and forced labor situation;
2. To determine whether any conclusions drawn and any remedial action committed to in the certification reports constitute a reasonable response to the issues raised by the monitoring;

3. To check the degree to which any conclusions and systems of remediation committed to in the certification reports are being effectively implemented.

VWG does not anticipate its own staff members performing verification directly; rather, it anticipates the formation of a small nonprofit organization that will contract with local partners on the ground. VWG will identify and train the verifiers in their tasks, evaluate the quality of their work, and issue final verification report^{xx}. Verifiers will use “documented and well-defined methodologies and systematic procedures” in the course of their work, and must have “free and continued access to all sources and places” covered by the monitoring and certification system.^{xxi} Other requirements include transparent reporting of verifiers’ findings and a clear statement of the level of assurance that verification will provide.^{xxii}

Although the verification system will not be implemented until the monitoring and certification system is in place,^{xxiii} VWG has recommended for further study three options that could be used to fund the organization’s work in a sustainable manner. The first option would require “key companies in the cocoa supply chain” to pay a levy based on the volume of beans purchased; the second would impose a levy on cocoa being stored for the futures market in consuming country warehouses; and the third would add a flat fee to trades in cocoa lots on the futures market.^{xxiv} VWG notes that the costs of verification should be “passed up the supply chain rather than down to farmers themselves.”^{xxv}

4. Independent Monitoring and Implementation Oversight

In July 2005, when the initial deadline for the implementation of industry’s monitoring and certification plan expired unfulfilled, Sen. Harkin and Rep. Engel announced plans to establish an independent oversight entity with the mission to monitor the implementation of the Harkin-Engel Protocol in order to ensure accountability, momentum and transparency on the part of industry. A university with “expertise in African studies, child labor and business ethics” would be hired “to provide oversight of government and private industry efforts to develop and implement mechanisms to eliminate the worst forms of child labor (WFCL) in the cocoa sector in Côte d’Ivoire and Ghana.”^{xxvi}

In October 2006, USDOL/ILAB announced that the Payson Center for International Development and Technology at Tulane University in New Orleans would receive a \$4.3 million, three-year contract.^{xxvii} The initiative will study the health of exploited children, train public officials in Cote d’Ivoire and Ghana to monitor the incidence of child labor in the cocoa industry and report to the department and Congress on the status of child labor certification, monitoring and verification systems.^{xxviii} According to USDOL/ILAB, “the reports will also cover efforts to establish child labor monitoring and verification systems to assess progress made toward meeting obligations under the Harkin-Engel Protocol.”^{xxix}

III. Other Activities Related to Child Labor and Cocoa in West Africa

A. West African Cocoa and Commercial Agricultural Project (WACAP)

Launched in 2003 as a joint program of the United States Department of Labor (DOL) and the International Labor Organization (ILO), with industry providing 16% of the funding (US \$1m), WACAP's mission is to prevent and eliminate hazardous child labor in cocoa and other agricultural industries in West Africa. WACAP will also work in conjunction with the USAID-funded STCP program (see below), which also receives an undisclosed amount of support from the World Cocoa Foundation.

The WACAP program will implement 30 action programs that will “(i) mobilize participation and strengthen capacity of social partners; (ii) carry out extensive awareness raising campaigns; (iii) demonstrate a comprehensive package of social protection measures including counseling, education, and training; (iv) establish a credible and cost-effective child labor monitoring system; and (v) enhance the knowledge base and disseminate information.

WACAP has begun pilot projects aimed at establishing a National Child Labor Monitoring System (NCLMS). This system is comprised of a network of national, district and community level Child Labor Monitoring Committees who are charged with the design and implementation of a feasible, credible and transparent child labor monitoring system that will ensure that workplaces from which children have been removed continue to remain free of child labor and that children removed from work are participating in social protection services. The program is being pilot tested in 56 communities in five districts across Ghana and, if successful, will be the model for local community monitoring of labor conditions on cocoa farms in West Africa.

However, the relationship between WACAP's monitoring system, which has total funding of only US\$6m, and the monitoring program that industry has proposed is unclear. Although Industry has stated that it will model its monitoring and certification after the WACAP program, WACAP has explained that any credible system of certification must include detailed farm-level components such that workplaces can be identified clearly as free of child labor; that follow-up visits be conducted to ensure that the farms remain child labor free; and that children who are released from labor are participating in social protection services.^{xxx} None of these elements appear in Industry's monitoring proposal described above.

The WACAP program was designed to be a supplement to the Protocol, and not to fulfill Industry's commitments under the Protocol. Sen. Harkin, who was able to obtain the funding for the WACAP program through his work with the Labor, Health, and Human Services and Education Appropriations Subcommittee, has been clear that Industry continues to “bear the social, moral, and financial responsibility for fully implementing the Protocol.”^{xxxi}

Funding for the WACAP program ended in April 2006. No information is publicly available about extension of continued funding for the three year program.

B. Sustainable Tree Crop Program (STCP) Farmer Field Schools

In 2002, United States Agency for International Development (USAID) broadened the scope of its already existing Sustainable Tree Crop Program (STCP) to include a child labor component in its pilot extension program for Farmer Field Schools

for cocoa farmers in Cote d'Ivoire, Ghana, Nigeria, and Cameroon. The task for developing the program was contracted to the International Institute for Tropical Agriculture (IITA). This program has been financially supported by the USAID, the UK Department for International Development, the Danish International Development Agency, the Canadian International Development Agency, the Ivorian Fond de Developpement et de Promotion des Activites des Producteurs de Café et de Cocoa, Mars Inc., and the World Cocoa Foundation. The STCP Farmer Field School (FFS) West Africa program was initiated in March 2003 with the first training and curriculum development workshop, as well as training for master trainers. At this initial meeting, country action plans were developed for the initiation of Farmer Field Schools in these select countries.

Subsequent to the signing of the Protocol, child labor sensitization training has been included in the STCP Farmer Field School curriculum. The content for this curriculum was developed in coordination with the ILO's WACAP program. The training programs focus almost entirely on awareness-raising for three predominant occupations that meet the definition of the worst forms of child labor: (1) the carrying of heavy loads; (2) the use of machetes to clear fields; and (3) the application of pesticides. The child labor sensitization program comprises only a small portion of the FFS curriculum, which is primarily focused on agricultural training programs aimed at increasing cocoa yields and improving on sustainable agricultural techniques in West Africa. In this area, the STCP has claimed some success in raising cocoa yields for participating farmers by as much as 40%. However, this success has come at a cost to the farmers, who, in some areas, have had to more than double the amount of labor needed in order to get just a 30% increase in yields, thus reducing overall productivity per labor input. Furthermore, due in part to the increase volume of cocoa entering the market, a 30% increase in yields only nets a 23% increase in revenue, further increasing the overall cost to farmers per labor input.^{xxxii}

With respect to the child labor component of the curriculum, the STCP claims some measure of success resulting from their child labor sensitization classes during the Farmer Field Schools. In a survey conducted in 2005 in Ghana, the STCP reported that there are 540 fewer children in the Atwima region in Ghana. Further, the cursory study reported that enrollment rates for children in schools exceeded 90 percent. Of note, however, is that education enrollment rates are positively associated with the production output on the farms, which indicates that a change in the marketability of cocoa will have strong effects on the education levels of the children, and many will be forced back into the fields.^{xxxiii}

The FFS limits the number of participants to around 30 and is selective of its participants due to a significant lack of resources. One recommendation suggests introducing more selection criteria for the participants, including accepting only younger and well educated farmers for the program. Additionally, one indicator used to measure the success of the program has been the whether the farmers are willing to pay tuition for FFS, though it is unclear from the record whether they have had to pay any tuition. This raises concerns that the long-term viability of FFS involves shifting the burden to farmers to pay for training programs.^{xxxiv}

The relationship between the STCP and the ICI remains undefined and their efforts appear to mirror one another in many ways.

C. WINROCK International's CLASSE Program

In 2003, Winrock International was contracted by the USDOL to establish the Child Labor Alternatives Through Sustainable Systems in Education (CLASSE) project. In 2004 and 2005, the World Cocoa Foundation (US\$115,000), Mars Inc. (\$260,000), and the Norwegian Association of Chocolate Manufacturers (\$225,000) signed agreements with Winrock to continue support for an extension to the CLASSE program.

The goal of the CLASSE program is to strengthen formal and non-formal education and to encourage school attendance for working children in and around cocoa farms with the goal of reducing the “prolific” use of inefficient agricultural practices in Cote d’Ivoire, which, they claim, increases the incidence of child labor on farms. To do this, CLASSE emphasizes adapting vocational education in schools which includes a curriculum of farming practices and agro-marketing as well as functional literacy for students and community members. Winrock will be expanding the program beyond just Ehoueguié, Cote d’Ivoire to three other schools and will develop a curriculum for grade 7 to 9. The curriculum will address agricultural education, child labor, health, and HIV/AIDS. In addition, through the CLASSE program, Winrock has been providing micro-credit loans as a part of its scholarship program to improve already-existing small businesses.

The CLASSE program will also be training between 400 and 600 young people in agricultural vocational skills while creating and maintaining a nursery used for training and research. In addition, 3000 other young persons will be taught child labor awareness and life-skills. The program is available to children aged 12 – 18 who are not currently in school. Furthermore, Farmers Clubs will be established to train members in leadership skills, public speaking and time management as well as a market study of their region for different agricultural products.

D. Initiative for African Cocoa Communities

The IACC was established in May 2005 by Cargill, the Hershey Company, Mars Inc., Nestle USA, the Chocolate Manufacturers Association, and the National Confectioners Association. The IACC’s programs address education in Ghana and Cote d’Ivoire. The programs funded through the IACC are the following:^{xxxv}

1. The Winrock education programs funded by Mars Inc. in Cote d’Ivoire. (see above).
2. A program supported by UNICEF and the National Confectioners Association, which will provide afternoon schooling for children ages 8 – 12 in several districts and communities in the cocoa growing areas of Ghana. Children will be able to attend school in the afternoon after working in the morning.
3. Lastly, the Hershey Company is supporting a project by the International Foundation for Education and Self-Help to provide teacher training programs for primary and secondary teachers in the cocoa growing regions of both Cote d’Ivoire and Ghana.

One of the above mentioned programs has been described as a school with a small vegetable garden that “at best, might feed fewer than half the students in the school for a few days per week. Directors of the little enterprise maintain that the tree nursery will eventually generate money to pay for food, a necessary development since the chocolate companies have made no commitment to long-term funding of either the nursery or garden.”^{xxxvi}

QUESTIONS THE COCOA INDUSTRY HAS FAILED TO ANSWER

- 1) Industry has specifically refused to commit, on several public occasions, to sourcing cocoa from the pilot communities in Ghana and Cote D’Ivoire where the WACAP and other pilot monitoring/certification programs may take effect. Moreover, in many of these communities the cocoa trees are old, yields are decreasing and without sustained investments in cultivating new trees, farms in the pilot regions may cease altogether to be profitable for farmers. What kind of ongoing commitment, if any, will industry make to monitored regions if the proposed programs take effect? How does the industry intend to create incentives for farmers to eliminate abusive child labor from its supply chain? What long-term commitment will the Industry make to the farmers who participate in their program?
- 2) An assessment of this issue from the European Union in 2005 stated that a key element to a credible plan is transparency of supply chain. Transparency in the supply chain has been outright rejected as an option by the Ivoirien cocoa boards with whom the industry works, as “an idea of the foreigners that simply gives an extra advantage to our competitors.” To date, major buyers of West African cocoa have refused to make public information related to their ability to trace products to supplier farms. Will industry take the necessary steps to introduce transparency into their sourcing operations?
- 3) Cote d’Ivoire’s trade privileges with the United States, under the Africa Growth and Opportunity Act (AGOA) were revoked in late 2004. Although the exact reasons for the suspension of privileges are not publicly known, the US government did review information related to the problems of corruption, lack of transparency, and expropriation of foreign property in Cote d’Ivoire. Given these extremely serious systemic issues, what are we to make of the industry’s reliance on government-supported efforts to work with farmers and villagers toward certification of the cocoa industry? How credible can government-directed certification be, and how can the government be expected to provide the necessary personnel and funding to support such an initiative?
- 4) Does the industry have an alternative plan on monitoring and certification in a situation where the government would be unable to provide such services due to lack of finance or a strong central functioning government?

- 5) Other industries have been able to institute monitoring programs that utilize internal monitors as the first line of investigation and troubleshooting on labor problems. Use of internal, company monitors is common in the apparel and footwear industries, the sporting goods industry, and this model has been applied to some agricultural industries, i.e. bananas, timber and cut flowers. These industries also support a plethora of multi-stakeholder and third-party certification initiatives, but the first test of a company's commitment to work in good faith with third party monitoring or certification is in all these cases that company's investment in hiring and training its own staff to investigate problems in its supplier facilities. To date no company in the cocoa industry has invested time or resources into developing internal compliance programs. Why has internal compliance not been on the table?
- 6) Given that there are 10 major cocoa exporters operating in Cote d'Ivoire, amongst which the largest ones are Cargill, Archer Daniels Midland, and Nestle, who have a consistent network of suppliers and middlemen on the ground, what are these companies doing, independently of the industry's joint projects, to train and monitor their suppliers?
- How will these individual efforts be coordinated with any other monitoring or certification programs?
 - Will industry prioritize efforts to organize farms into more easily monitored cooperatives?
- 7) How does Industry define "certification"? Given the historical moment in which the Protocol was developed (mid-2001), we assume that its reference to public certification, as opposed to the independent third-party monitoring pioneered by other industries, is a direct reference to the Kimberley Process for certification of diamonds. The Kimberley process provides an independent, third-party audit process for voluntary company certification that diamonds are not sourced from conflict zones. It also provides for penalties for companies found in violation of the standard. In the US, the Kimberley certification process is supported by legislation, the Clean Diamond Trade Act.

Unlike the Kimberley process (or most other third-party certification programs), the cocoa industry is reluctant to identify the actual product being certified. That being the case, it remains for industry to clarify the following, as well as to define what exactly is meant in the protocol by "certification" since the term is apparently being used in a manner not consistent with its standard English definition:

- What is the Industry certifying exactly?
 - Has Industry reached any agreements with organizations that will do the monitoring and certification?
 - At what point can the cocoa be certified free of child labor?
- 8) With regard to the need to assure the environmental sustainability and the social responsibility of the cocoa sourced from Cote d'Ivoire what benchmarks must cocoa suppliers to chocolate manufacturers and retailers meet? Who certifies compliance with these standards?

9) It has been very difficult to trace the money involved with the various programs and initiatives described in this memo. Our back-of-the-envelope calculation suggests that to date, US taxpayers have spent approximately \$10 million dollars toward initiatives to deal with this problem entirely apart from the industry protocol (i.e. \$5 million in US government funding for the WACAP program and an additional \$4.5 million in funding for the Tulane University oversight project). To date, over a five year period the entire chocolate industry has spent approximately \$3 million toward this subject from what can publicly be documented (\$1 million for the WACAP program, slightly over \$1 million for the ICI, and an additional \$1 million for various programs related to cocoa but not necessarily related to child labor, including those administered through the World Cocoa Foundation). Currently unaccounted for is the \$17 million needed to operate the pilot programs, of which Cote D'Ivoire committed to paying \$4million. What is the cost of establishing a comprehensive monitoring, certification, and verification program, and what will industry commit to pay for these costs? What "resources" will Industry provide to fund the monitoring, certification and verification operations?

- How much money? Who will receive the money?
- Will industry provide other types of resources?
- Who else besides Industry will be providing resources? How much?
- How will they ensure that funds or other resources are spent properly?

10) Industry has a proven track record of promising to farmers that, if they change their practices and invest their own money in making the change, then the farmers will profit greatly through sales to the companies. Sadly, the companies have a history of failing to meet their commitment or shifting production to other countries. If farmers can show they are complying with good labor practices, will Industry commit to buying from them through long-term contractual arrangements?

- Will Industry provide participating farmers with contracts?
- Will Industry commit to paying farmers a price commensurate with a higher cost of production? OR
- Will Industry just simply move production to another part of the world and begin their practices over again?

11) If child labor violations or other labor abuses are discovered on a given supplier farm will Industry commit to following a formal remediation process rather than abandon the supplier altogether?

- How will the remediation/rehabilitation programs operate?

12) The Verification Working Group (VWG), while apparently intended to mirror the independent oversight provided in the Kimberley process by the Clean Diamond Act, and in other industries by multi-stakeholder bodies or other independent verifiers such as the Fair Labor Association, Rainforest Alliance or Transfair USA, neither has a formal structure like these organizations, nor does it appear to represent or be accountable to a broad range of stakeholders in board, governance or makeup. Why has the industry failed either to create an independent, stand-alone entity with a

credible and representative Board, or to develop a publicly accountable multi-stakeholder initiative to oversee the certification process?

- 13) Given the fact that low world prices of cocoa is a result of overproduction in the world market, how will increasing each farmer's cocoa yield through Farmer Field School training programs going to help farmers get a better price for their product to improve their lives and that of their children?

IV. RECOMMENDATIONS

A. Transparency

All cocoa exporting corporations should be able to provide complete evidence about their supply chain down to the farm level, throughout the world. Cocoa companies must prove that they can chart their own supply chains if their public commitment to worldwide monitoring under the Protocol is to have any credibility. Importing corporations should publicly demand supply chain transparency from the exporting corporations with which they do business.

B. Direct Supply Chain Management Reforms

Exporting corporations should be able to provide evidence showing that they have trained their buyers and quality control specialists, who have direct contact with the farmers, on what practices constitute violations of local and international standards on the worst forms of child labor and forced labor, and on methodologies to independently verify evidence provided by farmers and local communities.

C. Support the Re-establishment of the International Cocoa Agreement

To ensure fair and stable pricing worldwide, industry should support and encourage participation of key governments (incl. Ivory Coast and US) in the International Cocoa Agreement and in particular support reinstatement of the ICA's original language of achieving market stabilization and fair producer prices.

D. Contractual Commitments to Purchase and Remediation

Exporting corporations should provide a formal, written guarantee to all farmers who have agreed to produce in accordance with core labor standards, and/or to participate in the ILO/government programs, that states (a) their commitment to purchase from that particular farm during a particular season and (b) their commitment not to abandon the supplier if problems are discovered, but instead to provide support and resources toward the development of solutions or remediation of those problems.

E. Sustained Commitment to Fair Trade Cocoa

All cocoa industry stakeholders, be they importers, exporters, manufacturers, or retailers, should commit to purchasing five percent of their total cocoa purchases under Fair Trade Certified conditions, as defined by Fairtrade Labelling Organizations International (FLO). This level of five percent should be seen as a starting minimum. A sustained and growing commitment to Fair Trade Certified cocoa will help bring participating cocoa farmers an added degree of economic stability and a further incentive to grow and harvest their crops in accordance with core labor standards.

F. Investment in Strengthening Farmer Bargaining Power

Industry companies (including exporters, importers, manufacturers and retailers) should assist in bringing small farmers to the market by facilitating the development of cooperatives. Farmers organized into cooperatives, particularly Fair Trade cooperatives, can demand a higher price for their product and eliminate wasteful payments to middlemen. Specifically, through the existing ICI, Socodevi or other relevant initiatives working on the ground with cocoa producers, an agreed-upon entity should assess the level of support necessary for the expansion of fair trade cooperatives in this sector and should establish a process to allow farmers themselves to determine and communicate their pre-financing and capacity building needs.

G. Investment in Trafficked Children's Communities of Origin

The problem of trafficked labor cannot be solved simply by policing the end users; investments in the poor communities forced to send their youth into bonded labor are also needed. Whether through the ICI or another existing NGO, in this industry stakeholders must commit ongoing funding toward a plan that assists former victims of trafficking who have been repatriated to their communities, and that invests in those communities' economic development to provide local youth with meaningful employment options in future.

END NOTES

ⁱ International Labor Organization. (2005). Available at:
http://www.ilo.org/public/english/standards/ipe/themes/cocoa/download/2005_02_cl_cocoa.pdf

ⁱⁱ Coelho, Jeff. (2005) *Senator Urges Cocoa Trade to Act on Child Labor*. Reuters. Available at:
<http://www.laborrights.org/press/ChildLabor/cocoa/cocoa060905.htm>

ⁱⁱⁱ This point was echoed by the Chief Director of Ghana's Ministry of Women and Children's Affairs (MOWAC), when, in a statement at a Consultative Meeting held by the ICI and the Ghana Cocoa Board in 2004, she noted that there is little that can be done for household income stability in cocoa production when the price of cocoa on the commodity market is in constant flux, despite the persistent high global demand

for cocoa. See Worst Forms of Child Labor in the Cocoa Sector in Ghana, *Report of the Consultative Meeting*, Novotel, Accra, pp. 37 - 39. (October 6, 2004).

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